

~~CONFIDENTIAL~~

19 MAY 1975

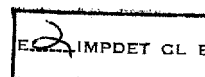
## MEMORANDUM FOR THE RECORD

SUBJECT: Meeting on PPA/PRA - 14 May 1975

1. On 14 May 1975 a meeting was called by the PPA/PRA Working Group to discuss possible changes in the PPA/PRA system with representatives of those offices which have management responsibility for certain categories of materiel (cognizant materiel). Representatives of the Office of Communications (led by [redacted]), of Division D (led by [redacted]) and of the Office of Technical Services (led by [redacted]) heard a briefing by the chairwoman of the Working Group [redacted] describing the present system, identifying some of its flaws, and emphasizing that over 90 percent of the total dollar value of Agency inventory was represented by Technical or Contingency Stocks, leaving less than 10 percent identified as Common Stocks.

[redacted] also described the relationships of PPA (Property Procurement Allotment), PRA (Property Requisitioning Authority), and FPA (Financial Property Accountability), and she provided a number of handouts covering Property Issues Against PRA by Allocation (FY 1974), Issues (Expendable and Nonexpendable) from Allocations 00 and 02 (1 July 73 to 30 Sept. 74), and an Agency Inventory Profile, listing all allocations and their on-hand value.

2. Following the briefing, the Working Group described its tentative conclusions about what ought to be done; namely, that the PPA/PRA system should be replaced by a system of direct funding. Under such a system the Office of Logistics would budget for most Common Stock items, each office with cognizant materiel responsibilities would budget for such materiel for its own use and for the rest of the Agency as well, and all offices would budget for their own requirements in other materiel categories unique to their requirements. In the discussion which followed, it became apparent that for both OTS

**CONFIDENTIAL**

01 5 2409

**CONFIDENTIAL**

and Division D a conversion to direct funding would be advantageous. OC, with a much larger supply program and with responsibility over a wider range of cognizant materiel, would have less to gain in such a change, but after some debate the OC representatives agreed that, on balance, direct funding would bring more advantages than disadvantages. They expressed concern about the inevitable rise in their total budget, although it was noted that available records indicate the increase would be less than [ ] (compared to a probable rise in OL's budget of over [ ] and they emphasized the importance in such a system of effective methods of communicating requirements to the component with central budgetary responsibility. To a question about how the proposed system would handle stock shortages caused by inadequate customer planning, the Working Group responded that a component seeking materiel which it had not included in its requirements forecast would be expected to transfer to the cognizant office the funds necessary for the purchase of replacement equipment.

25X1

25X1

3. The discussion dwelt for a time on the kinds of property controls which would be maintained under direct funding. It was pointed out that many transactions which now involve changes in financial records could be treated as simple inventory adjustments.

4. The Working Group described the next steps it plans to take: a meeting next week with directorate Planning Staff representatives, followed by a report to the Director of Logistics in June, recommending:

a. Operation by OL of a simulated direct funding system during FY 1976, in parallel with the PPA/PRA system, and

b. Depending on successful de-bugging of the simulated system, a formal proposal before the end of FY 1976 for adoption of direct funding effective 1 October 1976.

[ ] pointed out that if the simulation is to be useful, some changes in FAN structure may be necessary, but no one saw this as a serious stumbling block.

25X1

5. Participants were reminded that although the Working Group had developed a point of view which favored direct funding, and that the response during the meeting had added to the growing conviction that direct funding would serve the Agency's needs, it would be premature to predict a change in PPA/PRA. No formal recommendations

**CONFIDENTIAL**

**CONFIDENTIAL**

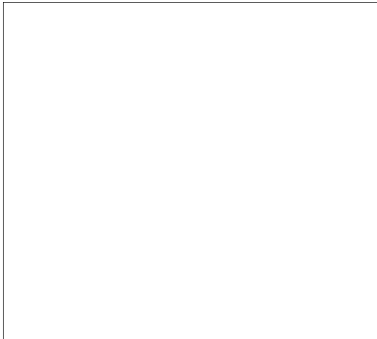
have as yet been made to the Director of Logistics or the DDA. The undersigned, speaking for the Working Group, expressed his appreciation for the contribution made by participants in the meeting, and he promised to keep them informed about future progress.



Chief, Administration Group  
Office of the Comptroller

25X1

cc:



25X1

**CONFIDENTIAL**